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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2000 to 30 June 2001 and proposed budget for the period from 1 July 2002 to 30 June 2003 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2000 to 30 June 2001 (A/56/782) and on the proposed budget for the 12-month period from 1 July 2002 to 30 June 2003 (A/56/838). During its consideration of the reports, the Committee met with representatives of the Secretary-General who provided additional information.

2. UNFICYP was established by the Security Council in its resolution 186 (1964) of 4 March 1964. From its inception until 15 June 1993, the costs of the Force were met by the Governments providing contingents, by the Government of Cyprus and by voluntary contributions to UNFICYP In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making annual contributions of $6.5 million.

Financial performance for the period from 1 July 2000 to 30 June 2001

3. The amount approved by the General Assembly in its resolution 54/270 of 15 June 2000 for the maintenance of UNFICYP for the period from 1 July 2000 to 30 June 2001 was $43,422,065 gross ($41,404,128 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece as well as $2,060,180 gross ($1,743,344 net) for the support account for peacekeeping operations and the amount of $322,085 gross ($286,584 net) for the United Nations Logistics Base at Brindisi, Italy. Expenditure amounted to $42,360,400 gross ($40,445,800 net), resulting in an encumbered balance of $1,061,700 gross ($958,400 net), or approximately 2.5 per cent of the amount appropriated. The Committee questions the

02-31573 (E) 150402

appropriateness of including the amounts for the support account and the Logistics Base when calculating the percentage of unencumbered balance in financial performance reports as against appropriation. The Committee has commented on this issue in its general report on peacekeeping operations (A/56/887). The unencumbered balance arose mainly under military contingents, civilian police, international and local staff, communications and commercial freight and cartage; this was partially offset by overexpenditure on premises/accommodation, air operations, other equipment, supplies and services and training programmes.

4. **The Advisory Committee is of the opinion that the overexpenditure on a number of items shown in annex II to the report of the Secretary-General on the financial performance (A/56/782), such as additional data equipment, observation equipment and Carlog devices, could have been foreseen when the budget was proposed. The Committee trusts that improvements in planning will lead to more effective budgetary control. With regard to Carlog devices, future purchases should be weighed against their cost-effectiveness.**

5. Paragraphs 7 to 10 of the report of the Secretary-General cover initiatives taken to ensure that the mission is managed with a maximum of economy and efficiency. These include the outsourcing of janitorial and catering services; local arrangements for the commercial travel of military and civilian police personnel; open-ended contracts for the procurement of equipment, and for the purchase of various supplies and office furniture; improved management of the rations supply system and more favourable prices obtained for fresh rations as a result of competitive bidding. Upon enquiry, the Advisory Committee was informed that open-ended contracts are similar to Headquarters systems contracts, in that they allow the mission to procure up to a certain quantity at a fixed price over a set period of time.

6. The Advisory Committee was informed that, as a result of the outsourcing of janitorial and catering services, there was a reduction of a total of 110 local level posts and a savings of $890,500 for the period from April 1999 to April 2001. The Committee was also informed that, in order to maximize control and oversight, services have been contracted to a number of local contractors: under support services, there are 28 local contractors, providing catering services (3), janitorial and conservancy services (6), maintenance of various equipment (14), printing services (2), photographic services (1) and maintenance of roads and airfield (2). Under transport operations, there are 22 local contractors, providing rental services (3), repair and maintenance services (17), insurance services (1) and transport of engineering equipment (1). Under general services, there are 11 local contractors, providing courier services (1), laundry services (1), tailoring services (1), haircutting services (6) and customs clearance and commercial freight services (2). **The Committee welcomes this approach.**

7. On training, the Advisory Committee notes from the table in paragraph 43 of annex II to document A/56/782 and paragraph 32 of annex I.C to document A/56/838 that 39 staff of the mission were trained in the period from 1 July 2000 to 30 June 2001 and that 63 are projected for training during the period from 1 July 2002 to 30 June 2003. Upon enquiry, the Committee was informed that, in the period from 1 July 2001 to 30 June 2002, 19 are to receive training. The Committee was also informed that, of the 39 staff trained for the period from 1 July 2000 to 30 June 2001, 37 are still on board. **In this connection, the Advisory Committee recalls and reiterates its view (see A/55/874, para. 57) that there should be better planning for training of personnel in the mission area and its request that, in future, the subjects covered in the training programmes and their costs be more clearly stated in the performance and budget reports. The Committee also believes that training should be tailored towards fulfilling the mandate of the mission.**

8. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2000 to 30 June 2001 is indicated in paragraph 14 of the performance report (A/56/782). **The Advisory Committee recommends that the unencumbered balance of $1,061,700 gross ($958,400 net) for the period from 1 July 2000 to 30 June 2001, as well as the interest and other income in the amount of $1,680,000, be credited to Member States in a manner to be decided by the General Assembly.**

Information on performance for the current period

9. The Advisory Committee was informed that, as at 20 February 2001, the amount of $129 million was reimbursed for troop costs for the period from 16 June 1993 to 31 October 2001 and the amount owed for the period from 1 November 2001 to 31 January 2002 was $4.7 million.

10. The Advisory Committee was informed that $7 million was reimbursed for contingent-owned equipment for the period ending 30 June 2002; the estimated amount owed was $8.5 million and unliquidated obligations for contingent-owned equipment for the period up to 31 January 2002 amounted to $4.9 million. As regards death and disability, for the period ending 30 June 2002, six claims have been settled, amounting to $1.2 million; the balance of obligations, for the period up to 31 January 2002, amounts to $0.5 million and one claim remains to be settled.

11. The Advisory Committee was informed that, as at 31 December 2001, the cash position amounted to $17.3 million. Assessments on Member States for the period from 16 June 1993 to 15 June 2002 amounted to $200.8 million, payments received totalled $176.9 million and the amount outstanding was $23.9 million as at 31 January 2002. Total unliquidated obligations for the period from 1 July 2000 to 30 June 2001 were $1.3 million for Governments and $307,100 for others, as at 15 February 2002.

12. With regard to staff resources, the Advisory Committee was informed that, as at 31 January 2002, 1,198 military contingent personnel were on board out of 1,230 authorized, 35 civilian police of 35 authorized, 41 international staff of 44 authorized and 102 local staff of 147 authorized.

Cost estimates for the period from 1 July 2002 to 30 June 2003

13. As indicated in paragraph 1 of the report of the Secretary-General on the proposed budget for the maintenance of the Force for the period from 1 July 2002 to 30 June 2003 (A/56/838), an amount of $44,973,900 gross ($43,337,700 net), inclusive of budgeted voluntary contributions in kind amounting to $1,321,200 has been requested. This represents a 6.1 per cent increase ($2,578,800) in gross terms in relation to the apportionment for the current period, from 1 July 2001 to 30 June 2002. The proposed budget reflects an increase of 3 per cent in military personnel costs, 25.4 per cent in operational costs, 54.9 per cent in other programmes and 7.2 per cent in staff assessment, partially offset by a decrease of 3.7 per cent in civilian personnel costs.

14. The proposed staffing of the mission comprises 35 civilian police, 44 international staff and 105 local staff. This reflects a net decrease of 42 local staff posts resulting from the outsourcing of the catering service.

15. The Advisory Committee notes from paragraphs 2 and 9 of annex I.C to the report of the Secretary-General (A/56/838) that, drawing on mission experience, the cost estimates for the period from 1 July 2002 to 30 June 2003 were based on a 4 per cent vacancy factor in respect of international staff and no vacancy rate for local staff. The Committee notes that these rates are lower than those for the current period, which are 6.5 per cent and 5 per cent, respectively (see A/55/874/Add.3, para. 19).

16. With regard to the increase in operational expenditure of 25 per cent, the Advisory Committee notes from paragraphs 13 and 14 of annex I.C to the report that this increase is due to the additional requirements for all categories of logistical support, except communications. It includes a 29 per cent increase in cost estimates for premises/accommodation which is due to the implementation of the first phase of a 4-year plan to upgrade troop accommodation for the mission.

17. The Advisory Committee notes from paragraph 25 of annex I.C to the report that the cost estimate for other equipment takes into account the continuation of the Force's replacement programme of 25 per cent of its observation equipment. **The Advisory Committee cautions against the replacement of equipment using automatic ratios.**

18. In connection with the increase in other programmes of 54.9 per cent, the Advisory Committee notes from paragraphs 30 to 32 of annex I.C to the report that this is mainly due to an increase in the cost estimate for the training and upgrade of skills of 63 mission staff members. Upon enquiry, the Committee was informed that the proposed training would be as follows: 10 persons in communications and information technology (specialized courses) at the

United Nations Logistics Base ($40,000); 3 in communications and information technology in Nicosia ($2,400); 20 in general computer training in Nicosia ($6,500); 2 in practical international procurement in Cambodia ($5,500); 2 in contracting of services and works in Austria ($3,200); 2 in Sun systems at the Logistics Base ($3,800); 4 in Progen and Sun accounts in Nicosia ($2,000); 2 in the field assets control system at the Logistics Base ($3,800); 1 in job classification workshop in Turkey ($3,000); 2 in local salary survey workshop in Turkey ($6,000); and 15 in management training in Nicosia ($6,200). The Committee's comments on training are set out in paragraph 7 above.

19. The Advisory Committee notes from paragraph 18 of the report of the Secretary-General (A/56/838) that reimbursement to three troop-contributing countries in respect of major equipment is estimated at $1,048,700. The Committee also notes, from paragraphs 17 and 18 of annex I.C to the report, the rental of additional vehicles to replace 27 contingent-owned vehicles that had been withdrawn.

20. In connection with the field assets control system, the Advisory Committee was informed that, while the system is good, competent staff must be available to maintain it. The report of the Board of Auditors (A/55/5, vol. II, chap. II) gives examples of discrepancies in closing and opening inventory balances. In view of this, the Committee was not satisfied with the reply given by the Administration in annex IV to the report of the Secretary-General (A/56/838), where it is assumed that the primary responsibility for maintaining the system lies with the Department of Peacekeeping Operations.

21. The Advisory Committee notes the information on objective setting in paragraph 21 of the Secretary-General's report. The observations and comments of the Advisory Committee on this are contained in its general report on peacekeeping operations. **The Advisory Committee considers this section of the report on UNFICYP to be a good example, in that the objectives are described in simple concise terms and outputs are described in relation to expected accomplishments and indicators of achievement.**

22. The Advisory Committee requests that, following the implementation of the objectives, particularly the installation of the new information technology systems and the upgrading of the troop accommodation throughout the mission, future budget submissions for the mission should indicate efficiency and productivity gains.

23. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2002 to 30 June 2003 are indicated in paragraph 3 of the budget report (A/56/838). **The Advisory Committee recommends that the General Assembly (a) approve the appropriation of the amount of $43,652,700 gross ($42,016,500 net) for the maintenance of the mission for the 12-month period from 1 July 2002 to 30 June 2003, including $20,505,500 to be funded through voluntary contributions from the Government of Cyprus ($14,005,500) and the Government of Greece ($6,500,000), and (b) approve the assessment of the amount of $23,147,200 gross ($21,511,000 net), representing the balance net of voluntary contributions, at a monthly rate of $1,928,933 gross ($1,792,583 net), should the Security Council decide to continue the mandate of the Force beyond 15 June 2002.**